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8 UNITED STATES DISTRICT COURT
9 WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

10 MODULAR ARTS, INC., a
11 Washington corporation,

12 Plaintiff,

13 v.

14 INTERLAM CORPORATION, a
15 Florida Corporation, d/b/a
16 INTERLAM, and INTERLAM,
17 INC.,

18 Defendant.

Case No. C07-382Z

ORDER

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20 **BACKGROUND**

21 On March 13, 2007, Modular Arts filed a complaint against Interlam alleging
22 copyright infringement. Compl., docket no. 1. On February 28, 2008, after a three day
23 trial, the jury returned a defense verdict. Jury Verdict, docket no. 72. As a result,
24 Plaintiff's amended complaint was dismissed with prejudice and with costs.
25 Supplemental Judgment, docket no. 74. On March 18, 2008, Interlam filed a motion
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1 for attorney's fees and costs, docket no. 76. The Court denied Interlam's motion for
2 attorney's fees and costs by Minute Order, docket no. 98. The Clerk of the Court then
3 granted Interlam's motion for Bill of Costs, docket no. 121. Interlam appealed the
4 denial of attorney's fees and costs to the Ninth Circuit. Notice of Appeal, docket no.
5 103. On appeal, both sides jointly moved to have this Court set forth the basis for its
6 decision denying attorney's fees and costs and the Ninth Circuit granted that motion.
7 Modular Arts, Inc., v. Interlam Corp., Case No. 08-35489, Order, docket no. 7.
8 Mandate then issued. Id., docket no. 8. The Court now sets forth the reasoning
9 underlying the Minute Order, docket no. 98.

12 **DISCUSSION**

13 **A. STANDARD FOR AWARD OF ATTORNEY'S FEES**

14 The Copyright Act states that "the court may also award a reasonable attorney's
15 fee to the prevailing party as part of the costs." 17 U.S.C. § 505. The award of
16 attorney's fees is a matter for the district court's discretion. Perfect 10, Inc. v. CCBill
17 LLC, 488 F.3d 1102, 1120 (9th Cir.), cert. denied, 128 S. Ct. 709 (2007).¹

19 **B. DISCUSSION OF ATTORNEY'S FEES**

20 Interlam asserts that there is a strong presumption in favor of awarding fees to
21 prevailing defendants. Assessment Technologies of WI, LLC v. WIREdata, Inc., 361
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24 ¹ Modular Arts briefly makes an argument that Interlam cannot request attorney's fees because
25 it failed to specify the request in a Pre-Trial Order. Opp'n, docket no. 86, at 1. The argument
26 is without merit because the prevailing party had not been determined at that stage of the
litigation.

1 F.3d 434, 437 (7th Cir. 2004). However, there are several reasons to believe that such a
2 presumption does not apply, in the Ninth Circuit in general, or in this case in particular.
3 First, WIREDdata is a Seventh Circuit case; Interlam has not cited Ninth Circuit authority
4 that indicates an applicable presumption. Second, in WIREDdata, an award of attorney's
5 fees was appropriate because the Plaintiff's conduct came close to copyright misuse; in
6 that case, the Plaintiff was attempting to extend copyright protection to public domain
7 data. Id. at 437. No such accusation of an impermissible application of copyright has
8 been claimed against the Plaintiff in the present case. Third, in Fogerty, the Supreme
9 Court rejected an argument that courts in copyright cases should employ the "British
10 Rule" and automatically award attorney's fees to prevailing parties. Fogerty v. Fantasy,
11 Inc., 510 U.S. 517, 534 (1994).²

14 The courts have identified the following non-exclusive factors when evaluating
15 the award of attorney's fees. These factors include: (1) the degree of success obtained,
16 (2) motivation, (3) frivolousness, (4) objective unreasonableness, (5) the need to
17 advance considerations of compensation and deterrence, (6) the purposes of the
18 Copyright Act, and (7) whether the chilling effect of attorney's fees may be too great or
19 impose an equitable burden on an impecunious plaintiff. See Wall Data Inc. v. L.A.
20 County Sheriff's Dep't, 447 F.3d 769, 787 (9th Cir. 2006); Ets-Hokin v. Skyy Spirits,
21 Inc., 323 F.3d 763, 766 (9th Cir. 2003); Fogerty v. Fantasy, Inc., 510 U.S. 517, 535
22 n.19 (1994).

26 ² Even if a presumption of attorney's fees exists, the Court would not award attorney's fees in this case

1 As to the first factor, degree of success obtained by the prevailing party, the
2 Defendant prevailed at trial. A jury's question "unambiguously demonstrated the jury's
3 intent":

4 CAN WE AWARD INTERLAM DAMAGES IN THE AMOUNT OF THE
5 COSTS OF ATTY FEES, TRAVEL & EXPENSES?

6 Van Camp Decl., docket no. 77, Ex. D; Def.'s Motion, docket no. 76, at 2:7-15. The
7 first factor weighs in favor of Defendant.
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9 As to the second factor, frivolousness, the Defendant points to a pre-litigation
10 e-mail in which Interlam explained that it employed a patented process for creation of
11 their wall panel; Interlam suggests that Modular Arts was reckless to continue with
12 litigation. Def.'s Motion 12:6-13:6. The relevance of Interlam's patent is slight. A
13 patent claiming a method of manufacturing a design does not speak to the originality of
14 that design. The Plaintiff provided substantial evidence that, if believed by a jury,
15 would have proven copyright infringement. The second factor weighs in favor of the
16 Plaintiff.
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19 As to the third factor, Plaintiff's motivation was to enforce their copyright
20 registration to maintain a competitive business advantage. This is a proper motivation.
21 Defendant's motivation in continuing to defend was based on its position that it did not
22 copy the Plaintiff's work. However, e-mail evidence in the case demonstrates
23 Defendant's motive to "[t]ry to get the new sample panel to be as close to the mock-up
24 as humanly possible," referring to Plaintiff's panel installed in a mock-up at a customer
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1 site. Boller Decl., docket no. 25, Exhibit F at 5. Thus, Defendant's motivation was to
2 create a panel "as close . . . as humanly possible" to Plaintiff's registered panel. Under
3 these circumstances the motivation factor favors Plaintiff.

4 As to the fourth factor, the reasonableness of the party's legal and factual
5 arguments, the arguments submitted to the Court by Modular Arts were reasonable.
6 Modular Arts submitted evidence of substantial similarity and evidence of access to the
7 design via testimony about the Red Rock mock-up trailer and the alleged access to a
8 web site. Van Camp Aff., docket no. 30, Exhibit G, Eckenrod Depo. at 12:20-13:1,
9 14:5-14:16; Boller Reply Decl., docket no. 36, Exhibit C, Greene Depo. at 32:1-7
10 (access of Modular Arts web site by Greene). Modular Arts' factual and legal
11 arguments were reasonable.
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13 The fifth factor requires the Court to advance considerations of compensation
14 and deterrence. On the issue of compensation alone, Interlam could be compensated
15 for a case in which no infringement was found. Regarding deterrence, the Court must
16 determine whether Modular Arts is a Plaintiff that needs to be cautioned before filing
17 further copyright infringement lawsuits. In this instance, Modular Arts is a
18 manufacturing company that is protecting a copyright registration related to products
19 that it manufactures. There is no need for deterrence. This factor does not weigh in
20 favor of either party.
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22 As to the sixth factor, the purposes of the Copyright Act, a key criteria is the
23 promotion of creativity for the public good. Jackson v. Axton, 25 F.3d 884, 890 (9th
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1 Cir. 1994), overruled on other grounds by Fogerty, 510 U.S. at 531-32. Interlam argues
2 that an award of attorney's fees furthers the purposes of copyright because Interlam
3 independently created its wall panel. Def.'s Motion at 3:4-15. The argument is not
4 persuasive. First, Interlam's main evidence of independent creation, a patent on a
5 process to create panels was not necessarily evidence of independent creation. Second,
6 e-mail evidence suggested Defendant intentionally tried to make their product resemble
7 Plaintiff's registered design "as close . . . as humanly possible." The Defendant's act of
8 copying images in an e-mail, albeit with a patented manufacturing technique, hardly
9 promotes the purposes of the copyright laws. Most importantly, the reasons behind the
10 jury's verdict remain unknown. Perhaps the jury simply decided that the panels were
11 not substantially similar after all, and never reached the independent creation defense.
12 Modular Arts obtained a copyright registration for a design of a product they
13 manufacture. Amended Compl., docket no. 4, Ex. B. If a Plaintiff is afraid of asserting
14 a copyright registration because of the probability of paying a substantial judgment for
15 attorney's fees and costs, it would chill any incentive to litigate valid copyright claims.
16 The sixth factor weighs in favor of the Plaintiff.

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21 As to the seventh factor, the impecunious factor is not relevant.

22 Although the Defendant ultimately prevailed, the Plaintiff's case was not
23 frivolous. The case was fairly tried and should not deter similar cases in the future.
24 Most importantly, awarding attorney's fees in this case would be more likely to stifle
25 legitimate copyright claims than deter frivolous litigation. The Copyright Act grants
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1 the Court discretion to award attorney's fees and full costs to Interlam. Under all the
2 circumstances, and for the reasons stated in this Order, the Court DECLINES to award
3 attorney's fees and costs to Defendant.

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5 IT IS SO ORDERED.

6 DATED this 20th day of January, 2009.

7 s/ Thomas S. Zilly

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THOMAS S. ZILLY
9 United States District Judge
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